

Sample Conservation District Financial Policies & Procedures

Accounting and Budget Policy

1. The district prepares and adopts an annual budget that incorporates all general fund resources, grant funds, other revenue sources, cash on hand, savings, debt service funds, expenses, transfers, reserve funds, and investments.
2. The district follows and complies with Oregon Local Budget Law (if applicable).
3. The district uses fund accounting procedures and practices for budgeting, bookkeeping, and financial reporting.
4. The district uses a double entry accounting system and incorporates a journal and general ledger.
5. The district uses either the _____ (choose one cash or accrual) method of accounting.

Transaction Reports

1. The district bookkeeping or manager prepares a monthly transaction report or equivalent (e.g., general ledger report, profit and loss statement, QuickBooks report) as directed by the district board of directors.
2. The transaction report contains a listing of all transactions conducted since the last report, including a minimum of the following items:
 - Check numbers, dates, amounts, payees, and purposes of all checks written.
 - Deposits, dates, depositors, and purposes of deposits.
 - Summary of general journal entries, deductions, charges, and transfers.
 - Interest of other earnings received.
 - Loan interest and principal paid.
3. The board of directors reviews transaction reports (or equivalent), monthly bank statements, and bank reconciliations at each monthly meeting.
4. The transaction report (or equivalent) is attached to and made part of the minutes of each regular district board meeting.

Checks and Payables

1. The district will designate individuals to sign checks and make financial transactions up to the limits established by the district.
2. All district checks must bear authorized signatures of two bonded, unrelated persons.
3. No district check may be signed with a blank payee line or amount.
4. No debit cards are allowed since they do not require two signatures.
5. All persons signing checks shall review and approve all supporting documentation for each check prior to signing.

Deposits

1. The district maintains a prenumbered receipt book or deposit ledger. Receipts are issued for all funds received as soon as funds are received.
2. All cash or check receipts shall be endorsed upon receipt, recorded and deposited in a timely manner.
3. A person independent of issuing cash receipts will compare monthly receipts to bank validated deposits.
4. At a minimum, funds are deposited at the end of the week to keep cash from being kept in the office over the weekend.
5. All bank deposit slips are reconciled to receipts.

6. All checks are endorsed immediately upon receipt.

Internal Financial Controls:

1. The district will segregate duties, whenever possible to minimize opportunities for complete control of any function by a single individual. *Here are some areas to consider:*
 - Accounts receivable
 - Accounts payable
 - Making deposits to the bank
 - Recording receipts
 - Writing checks
 - Reconciling bank statements
2. The district board will designate an individual to periodically review (monthly or quarterly) certain types of records for assurance they are consistent with the district's bookkeeping entries and financial reports. For example:
 - Bank checking and savings statements.
The district will review statements for missing checks shown by asterisks, unusual items or amounts not listed on transaction reports, direct deposits, transfers, non-check withdrawals, and bank charges. Canceled checks will be reviewed for appropriate bank stamp and signatures.
 - Revolving accounts, such as credit card and other business accounts.
The district will review statements to ensure: 1) expenditures were approved by the board; 2) only authorized individuals have used the accounts; 3) all items have been received by the district; and 4) expenditures are within established limits.
3. Bookkeeping duties are transferred to another person for one or two months per year (if feasible).
4. Signature stamps are used.
5. Blank checks are not signed.
6. Bank statements are mailed to the board chairman or treasurer's home.
7. All checks (canceled or voided) are kept for reconciliation purposes.

Timesheets and Record Keeping

1. The district utilizes time sheets to document payroll deductions and track time charged to different funding sources.
2. The direct supervisor or designated board members approves all timesheets.
3. The district will maintain leave records that document leave accruals, leave use and remaining leave balances.
4. The district will provide annual documentation to all employees showing rate of pay. Rate of pay will be stated as _____ (e.g., hourly rate, monthly salary or annual salary.) Documentation will be provided each time there is a pay rate adjustment.

Audit Report or Review

1. Annual audits or reviews are performed and discussed with the board.
2. The districts board will review the audit report including sections identifying areas of material weakness and recommend corrective actions.
3. The board takes official action at a board meeting to address concerns and recommendations identified in the audit.

Credit Cards and Loans

1. The district board must approve issuance of all credit cards.
2. Credit cards may only be used for official purposes designated by the board.
3. Credit limits of _____ are established on credit cards.
4. All original receipt copies of credit card purchases are maintained and reconciled with billing copies prior to payment.
5. Both authorized check signers review all credit card bills prior to payment.
6. All loans and mortgages are approved by the Oregon Department of Agriculture as required by Oregon Revised Statutes 568.550(6).

File Management

1. Statements and invoices are filed referencing check number, date paid, account number and grant number. Check stubs or copies of checks are attached to statements.
2. The district maintains copies of all paid bills, invoices, deposits, bank statements, grant agreements and documentation, contracts, and loan information.

Security

1. Appropriate staff and board are bonded.
2. The district uses lockable, fireproof file cabinets for cash, checks, back-up media, contracts, and other important financial documents.
3. All blank checks and receipts, cash boxes, and credit cards are properly safeguarded to ensure that only authorized persons have access.
4. Only printed checks are used.
5. Passwords and security procedures exist to access computers, files, and financial information.
6. Petty cash funds are not used.

Assets and Investments

1. The district maintains an inventory of all property.
2. The district maintains a depreciation schedule for those capital assets above a certain dollar value established by the board.
3. The district follows GASB #34 policy.

Correspondence

1. The district will designate someone independent of the primary bookkeeper to open mail on a periodic basis. This person may be a board member, associate member, district employee or other person designated by the board. The designated person may open the mail on a regular schedule or on a surprise basis several times a month.

Training

1. Training is provided to staff and board on budgeting, bookkeeping, and public investments.